



City of Minneapolis Convention Center

Property Insurance Summary

January 1, 2004-2005

MARSH
An **MMC** Company

Marsh Inc.
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Minneapolis, MN 55402-2400

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Executive Summary

We are pleased to present the following property renewal for the Minneapolis Convention Center. The Zurich renewal rate decrease of 14% is evidence of a moderating property market, especially in light of the claims paid over the length of the relationship with this insurer. Zurich indicated early in the process that they wanted to continue the relationship and that they would pass on any rate decreases to the extent their reinsurers would allow them to. To insure the best possible outcome and because Zurich did not commit to specific rate decreases, we asked for and received permission from the City to contact other insurers for alternative property programs. In addition to Zurich, we made submissions to Allianz, Chubb, Factory Mutual Group, Travelers, Liberty Mutual and St. Paul Fire & Marine. Zurich was the only market willing and able to provide the \$415,594,000 limit necessary, resulting in the most competitive price. The other markets we contacted were willing to participate in a program where they would share in building the \$415,594,000 limit on a layered basis. With that type of program structure, the first layer of \$100,000,000 would have cost almost as much as Zurich's program offering of a \$415,594,000 limit.

Terms and conditions are the same as the expiring program. The Agreed Amount endorsement is again available upon receipt of a signed Statement of Values.

Again, in response to the Terrorism Risk Insurance Act of 2002, Zurich is offering coverage for losses resulting from terrorism for an additional charge. There are two components to this coverage and separate charges for each. The first addresses losses as defined in the Act and the second addresses acts of terrorism not defined in the Act. For example, acts committed by an individual acting on behalf of any foreign person or foreign interest are defined in the Act, whereas acts committed by an individual independent of any foreign person or foreign interest are not defined in the Act. The additional cost of \$720,000, for full policy limits, dwarfs the renewal property premium of \$318,430. Zurich has also provided an option for terrorism with a \$50,000,000 sublimit for an additional premium of \$149,090. Premiums for Terrorism are slightly lower than last year but continue to remain high for high profile, high risk, target properties, which is how the marketplace views the Convention Center.

These results continue to verify the excellent efforts of the Convention Center Staff in maintaining a safe, secure, state of the art facility.

This is a résumé of the terms and conditions in the insurance policy which we have prepared for your convenience. It should be understood that nothing in this résumé is intended to in any way supersede, the policy conditions. It should never be used in the place of the policies to which it refers. Existing coverage should only be determined from the actual policies.

Market Summary

Insurance Company	Capacity	Response
Zurich	\$300,000,000+	See Renewal Proposal
Allianz	\$300,000,000	Declined due to concentration of value at a single location
Chubb	\$100,000,000	Declined due to concentration of value at a single location
Factory Mutual	\$100,000,000	Declined because they couldn't meet our target rate
Liberty	\$100,000,000	Declined because they couldn't meet our target rate
St. Paul F&M	\$100,000,000	Offered \$100M primary layer but indicted a premium that was not competitive and would not allow us to purchase necessary additional limits necessary at an over all affordable price
Travelers	\$100,000,000	Offered \$100M primary layer but indicted a premium that was not competitive and would not allow us to purchase necessary additional limits at an over all affordable price

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2004 Property Insurance Renewal Summary

Line of Coverage	Expiring Exposure/Limit	Renewal Exposure/Limit	Zurich Expiring Premium	Zurich Renewal Premium
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Property Insurance

1301 Second Avenue South	\$355,000,000	\$384,000,000	\$320,693	\$302,200
1401 Third Avenue South	\$8,200,000	\$9,300,000	\$7,205	\$7,140
1219 Marquette Avenue S.	\$3,100,000	\$3,800,000	\$2,906	\$3,090
Scheduled Property	\$1,744,000	\$1,984,000	Included	Included
Engineering Service Fee			\$6,000	\$6,000

TOTALS:	\$336,804 Plus Mpls Surcharge	\$318,430 Plus Mpls Surcharge
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Line of Coverage	Expiring Exposure/Limit	Renewal Exposure/Limit	Zurich Expiring Premium	Zurich Renewal Premium
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Business Interruption Insurance

1301 Second Avenue South	\$18,000,000	\$16,000,000	Included	Included
1401 Third Avenue South	\$180,000	\$210,000	Included	Included
1219 Marquette Avenue S.	\$280,000	\$310,000	Included	Included

Comparison	Expiring	Renewal
Total Insured Values	\$386,504,000	\$415,594,000
Premium	\$336,804	\$318,430
Average Rate	\$.087	\$.075

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2004 Statement of Property Values

Loc. #	Location	Building	Contents / Stock	Business Income	Total
1	1301 Second Av. South Minneapolis, MN 55403 Extra Expense Valuable Papers EDP	346,496,681	22,547,760 1,000,000 500,000	15,547,900	384,592,341 1,000,000 500,000 0
2	Parking Structure 1401 Third Avenue South Minneapolis, MN 55403	8,413,998		180,000	8,593,998
3	Talmadge Building 1219 Marquette Avenue Minneapolis, MN 55403	3,453,070		280,000	3,733,070
	TOTAL	\$358,363,749	\$24,047,760	\$16,007,900	\$398,419,409

2004 Scheduled Property

Description	Quantity	2000 Unit Cost	2000 Total
Eagles	4	\$4,000	\$16,000
Medallions	10	\$4,000	\$40,000
Crests	48	\$3,000	\$144,000
Cornerstone	2	\$3,000	\$6,000
Cornerstone Contents	2	\$3,000	\$6,000
Lettering Sample	3	\$3,000	\$9,000
Great Seal	1	\$20,000	\$20,000
Peripheral Ring on Seal	1	\$3,000	\$3,000
Kimball Pipe Organ	1	\$1,500,000	\$1,500,000
Art Wall		\$240,000	\$240,000
Total			\$1,984,000

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Property Specific Coverages

Carrier: Zurich Insurance Company

Coverages - Sublimits	Limits
Real Property; Personal Property; Electronic Data Processing Equipment, Media and Extra Expense; Inventory; Business Income Limits apply to individual locations as stated as Renewal Exposure Limits	\$415,594,000
Boiler/Machinery Breakdown	\$100,000,000
Water Damage	\$100,000
Ammonia Contamination	\$100,000
Expediting Expense	\$1,000,000
Hazardous Substances	\$100,000
Consequential Damage (Spoilage)	\$100,000
Scheduled Property	1,984,000
Property In Transit	500,000
Extra Expense – Scheduled Premises	1,000,000
Building Ordinance	7,500,000
Debris removal 25% of Loss subject to a maximum of	5,000,000
Accounts Receivable	1,000,000
Cost of Research and Restoration of Valuable Papers	1,000,000
Pollutant Clean-up and Removal	25,000
Personal Property of officers and Employees (Limit per Person)	5,000
Per Occurrence Limit	25,000
Expediting Expense	1,000,000
Errors and Omissions	1,000,000
Property at any other location	500,000
Flood & Earthquake	50,000,000
Notice of Cancellation	90 days

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Causes of Loss

"All Risk" of Direct Physical Damage except limitations and exclusions noted in the policy.

Deductibles

Per Occurrence - \$50,000

Deductible Exceptions –

Business Income, Service Interruption – BI – One (1) times Daily Value; Minimum \$50,000

Flood & Earthquake - \$100,000

Valuation: Replacement Cost

Coinsurance: 90%

Conditions:

Include:

- 25% Minimum Earned Premium:
- Agreed Amount Coverage Available upon receipt of acceptable Business Interruption Worksheets and Statements of Value:

Exclusions:

Include:

- Usual and customary exclusions found in an "All Risk" form
- Absolute Terrorism

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Terrorism Option Full Limits:

IMPORTANT DISCLOSURE NOTICE

Zurich is making the following informational disclosures in compliance with The Terrorism Risk Insurance Act of 2002.

Disclosure of Terrorism Premium

The optional premium charge for risk of loss resulting from acts of terrorism (as defined in the Act) under the policy is **\$480,000**. The premium charge for acts of terrorism not defined in the Act is **\$240,000**. These additional charges would bring your total policy premium to **\$1,038,403**

Disclosure of Availability of Coverage for Terrorism Losses

As required by the Terrorism Risk Insurance Act of 2002, the member companies of Zurich North America make available coverage for losses resulting from acts of terrorism (as defined in the Act) with terms, amounts, and limitations that do not differ materially as those for losses arising from events other than acts of terrorism.

Disclosure of Federal Share of Insurance Company's Terrorism Losses

The Terrorism Risk Insurance Act of 2002 establishes a mechanism by which the United States government will share in insurance company losses resulting from acts of terrorism (as defined in the Act) after an insurance company has paid losses in excess of an annual aggregate deductible. For 2002, the insurance company deductible is 1% of direct earned premium in the prior year; for 2003, 7% of direct earned premium in the prior year; for 2004, 10% of direct earned premium in the prior year; and for 2005, 15% of direct earned premium in the prior year. The federal share of an insurance company's losses above its deductible is 90%. In the event the United States government participates in losses, the United States government may direct insurance companies to collect a terrorism surcharge from policyholders. The Act does not currently provide for insurance industry or United States government participation in terrorism losses that exceed \$100 billion in any one calendar year.

Definition of Act of Terrorism

The Terrorism Risk Insurance Act defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax

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is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and

4. to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

But, no act shall be certified by the Secretary as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

These disclosures are informational only and do not modify the policy or affect your rights under the policy.

Terrorism Option - \$50,000,000 per Occurrence and Annual Aggregate limits for "Certified" Terrorism and "Non-Certified" Terrorism

Disclosure of Terrorism Premium

The optional premium charge for risk of loss resulting from acts of terrorism (as defined in the Act) under the policy is **\$124,242**. The premium charge for acts of terrorism not defined in the Act is **\$24,848**. These additional charges would bring your total policy premium to **\$467,520**.

All other terms per the above disclosure

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